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S E C R E T SECTION 01 OF 06 STATE 034777

SIPDIS

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TAGS: PARM PREL KNNP MNUC XB ZP ZO AE
SUBJECT: MARCH 19 COUNTERPROLIFERATION TASK FORCE

REF: STATE 021428

Classified By: ISN C.S. Eliot Kang for reasons 1.4 b,c and d

ACTION REQUEST

¶11. (U) Post is requested to deliver the nonpapers in para 13 to appropriate host country government officials.

End action request.

SUMMARY

¶12. (S) The fourth U.S.) UAE Counterproliferation Task Force (CTF) was held on March 19 in Abu Dhabi at the level of Assistant Secretary of State. While discussions were productive and cordial, more work remains to be done by the UAE. For example, in the area of export controls, it has been almost a year and a half since the UAE passed an export control law and it still remains without a dedicated export control authority. Counterproliferation cooperation remains strong on interdictions but the UAE needs to expedite its investigations of the transshipment cases that we have brought to its attention.

¶13. (C) The U.S. delegation was led by State International Security and Nonproliferation (ISN) Bureau Acting Assistant Secretary C.S. Eliot Kang. U.S. delegation members included: Ambassador Richard Olson; Commerce Acting Assistant Secretary for the Bureau of Industry and Security (BIS), Matt Borman; Caroline Russell (ISN); Michael Shaw, CENTCOM; Chris Davey (ISN); Treasury Attaché, Matthew Epstein, and Treasury representative Jonathan Burke (TFFC). The UAE delegation was led by Major General (MG) Mohammed al-Qemzi, Chairman of CTF and Director of Dubai's GDSS (General Department of State Security). The UAE,s delegation included: Abdul Hameed Kathim, Director of American and European Affairs, Ministry of Foreign Affairs; Mohammed al-Muhairi, Director General, Federal Customs Authority; Yahya Buamin, Staff Colonel, Commander of Chemical Defense, UAE Armed Forces; Khaled al-Kharji, UAE Central Bank; Mansour al-Bastaki,(GDSS); Mohammed al-Ketbi, Preventive Security Administration, Ministry of Interior; David Scott, Director of Economic Affairs, Abu Dhabi Executive Authority (Abu Dhabi nuclear power project); Yacub al-Ala, Engineer, UAE Armed Forces; Hamad al-Shamsi (NFI); Riad Khalfan (NFI); and Rowda al-Otaiba, America Desk, Ministry of Foreign Affairs.

End summary.

OBJECTIVES

¶14. (S) Post should achieve the following objectives:

-- Thank the UAE for hosting the CTF.

-- Emphasize the need for progress in three key areas: export control implementation; resolution of trans-shipment cases; and disposition of interdicted cargoes.

-- Thank the UAE for its cooperation on interdictions; pursue MG al-Qemzi's agreement to discuss disposition issues after the export control amendment is approved by the Cabinet.

-- Emphasize the importance of the UAE Cabinet expediting approval of the amendment creating a body to implement the export control law.

-- Secure a date in May for the experts group on export controls that MG al-Qemzi agreed to.

-- Secure a date for the follow-up to the June 2008 prosecutorial training that was requested by the UAE.

-- Acquire information on the status of the two ongoing export control-related prosecutions as promised by the UAE during the CTF.

-- Provide the non-papers in para 13 intended to follow-up on the above actions.

End objectives.

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BACKGROUND: CTF Meeting

¶5. (C) Both sides agreed that the CTF remains a productive mechanism for continuing our counterproliferation cooperation in a number of areas. Discussions covered export controls; implementation of UN Security Council Resolutions; counterproliferation cooperation; and the Proliferation Security Initiative and Global Initiative to Combat Nuclear Terrorism.

¶6. (C) Export Controls: The Export Control Law, passed in 2007, still lacks a cohesive coordinating and implementing body. A/AS Kang, Ambassador Olson, and A/AS Borman urged MG al-Qemzi, in a separate private meeting prior to the CTF, to expedite the amendment that has been pending Cabinet approval since September (the amendment would approve the creation of this body). MG al-Qemzi responded that the amendment is on track and that he hopes it will be completed soon, but added that the decision was at a higher political (not his more technical) level. He acknowledged the need for public steps to demonstrate that the law is being implemented and offered to provide additional details on ongoing prosecutions.

¶7. (C) Export Controls (cont.): The U.S pressed for more public signs that the UAE is effectively implementing its export control law such as industry outreach, successful prosecutions, and updating its control list. The UAE emphasized that it is currently implementing its law. The UAE noted that Dubai Customs has information on its website related to dual use items for industry and that two export control-related cases involving the alleged sale of zirconium remain active in the courts; the UAE said that it would provide us with additional information on these cases through the Embassy.

¶8. (C) Export Controls (cont.): MG al-Qemzi also handed over a copy of the Dubai Customs Inspector's Hand Book on Dual Use Items (first edition 2008) as well as a copy of a brochure entitled the &Partners Guide to Safe Exports⁸) an effort by Dubai Customs at industry outreach. With regard to updating its export control list, the UAE said that it had been updated to meet international standards and will be approved when the Cabinet creates the export control body. MG al-Qemzi agreed to hold an experts meeting on export controls with the U.S. on implementation of the law; the U.S.

proposed May, but the UAE has not yet agreed to a date. When asked if the UAE could benefit from additional export control training, MG al-Qemzi said yes and emphasized the importance of completing successful prosecutions. He requested more details, including specific dates, on the advanced prosecutorial training (Note: see non-paper). At lunch, Federal Customs expressed interest in receiving information on how the U.S. handles interstate commerce issues (how federal and state authorities coordinate and what federal and state laws apply). The U.S. agreed to identify what information is available and which agencies are best placed to provide such information in response to the UAE. (Note: We are working to provide this information).

¶ 9. (S) UNSCR Implementation: The UAE said that it is in full compliance with the resolutions. MG al-Qemzi said that all entities named in the UNSCRs are placed on the UAE's black list,, although it was unclear what impact that had. In response to the U.S. presentation on proliferation finance, al-Qemzi said that the UAE Central Bank had issued circulars to UAE banks informing them of the proliferation finance requirements of resolutions 1718, 1737, and 1803 and said that the Central Bank froze accounts of two entities under 1718 and 1803. Turning to the subject of IRISL, the U.S. encouraged the UAE to take action against IRISL-affiliates Oasis Freight and Great Ocean Shipping, arguing that this is part of its obligation under UNSCR 1803. The UAE asked for additional information on IRISL activities in the UAE and also suggested that while the shipping companies mentioned may represent IRISL, they may also represent other shipping lines as well. The U.S. agreed to provide additional information on IRISL as appropriate. MG al-Qemzi reported that the UAE is conducting surveillance of Oasis Freight, has met with and warned one of its Directors, and committed to investigate the information provided on Great Ocean Shipping.

¶ 10. (S) Counterproliferation Cooperation: MG al-Qemzi explained that while he understands the need for public examples of progress on export controls, much of the counterproliferation cooperation activities are intelligence-based operations and must remain confidential. The UAE was very interested in the U.S.-provided briefing on Iran procurement and paid close attention to the new information we provided on suspect front company - Flowtech -

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and said that it would investigate the activities of this company (see non-paper). MG al-Qemzi, citing press articles, raised several questions relating to the 2007 National Intelligence Estimate (NIE) on Iran's nuclear program, as well as more recent press reporting on the progress of Iran's nuclear program. The U.S. side indicated that a separate briefing could be arranged to cover these and similar questions relating to the NIE and Iran's nuclear program. The U.S. requested from the UAE an update (reftel) on the outstanding trans-shipment cases and to provide additional information on Alkaen) a missile-related case (see non-paper). On the missile and chem/bio cases, the UAE indicated that all entities are under surveillance, and that it was still collecting information on these entities. Of particular note was the brief description of some of the operational techniques that the UAE is using in its investigations including: communications intercepts; monitoring and analysis of financial transactions; and link analysis of suspect entities. The U.S. pressed for quicker resolution of these cases considering that some of the chem/bio cases go back to 2004. MG al-Qemzi referred the U.S. to the UAE Armed Forces when the subject of KOMID came up; A/AS Kang stressed in private with MG al-Qemzi the importance of not doing business with KOMID.

¶ 11. (S) Counterproliferation Cooperation (cont.): Noting that interdiction cooperation was strong, the U.S. pressed for resolution of the disposition of interdicted cargoes. The U.S. pointed out that it had repeatedly discussed the Anna E case (reftel) with Thai authorities and asked that the

cargo be considered abandoned, so that the UAE would have legal cover to dispose of the cargo. MG al-Qemzi thanked the U.S. for its intervention with the Thai government, and agreed to pursue such issues with the U.S. when the export control amendment is approved by the Cabinet. Significantly, he noted that the amendment may provide legal authority for the UAE to dispose of interdicted cargoes. With regard to solving the disposition dilemma, MG al-Qemzi said in a side conversation that he had initiated a conversation with his Chinese counterpart. As part of this dialogue, the Chinese have agreed to take back a shipment of aluminum sheets (NFI) and he is hopeful the Chinese will also agree to take back shipments seized from the YM Energy and M/V Sinotrans Qingdao (reftel). He said that he did not plan on asking the Chinese to prevent the re-shipment of these materials and said that he had also asked the UK and Russia to press China to implement its export control laws so that future sensitive items are not shipped through the UAE.

¶12. (SBU) Counterproliferation Cooperation (cont.): The U.S. provided additional information on the fall 2009 Proliferation Security Initiative exercise Leading Edge and thanked the UAE for hosting portions of the exercise. The U.S. also requested the UAE send a senior political official to the Global Initiative to Combat Nuclear Terrorism Plenary at the Hague in June; the UAE was noncommittal regarding its attendance at this event.

End background.

Non-Papers

¶13. (S/REL UAE) Begin non-papers:

U.S. and UAE Counterproliferation Task Force Discussions:

-- Cooperation on counterproliferation issues continues to improve and we are pleased with the relationship that we are building together.

-- All agree that our "ad hoc" cooperation on interdictions has been good. However, the details of these interdictions are "sensitive" and cannot always be shared with all members of Congress.

-- Our ad hoc coordination on interdictions is a rather limited part of the overall counter-proliferation picture that also includes discussions related to companies and banking and assistance on export controls.

-- For this reason, it will be important to demonstrate progress in three important areas:

Export Controls

-- The Export Control Law, passed in 2007, still lacks a cohesive coordinating/implementing body. That decision resides with the UAE Cabinet that needs to approve an amendment creating this body; the Cabinet's attention is urgently needed to establish firm UAE export control

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credentials as nuclear power enters the picture.

-- An implementing body with a dedicated staff could help ensure publicly visible (including to the Congress) progress in institutionalizing cooperation in areas of particular import:

-- Drafting and passing implementing regulations;
-- Ensuring more rapid information exchange on export control implementation;
-- More extensive follow-up to investigation requests;
-- More aggressive industry outreach to make sure the private

sector is aware of its requirements under the law;
-- Ensure that the control list is consistent with international standards;
-- Pursuing prosecutions;
-- Coordinating training for capacity building in customs, the judiciary, and other agencies;
-- and taking coordination from an ad hoc arrangement to a systematic approach to a key national security issue.

-- Of course, the staff of the implementing body must be empowered to draw data from all agencies concerned and coordinate with diplomatic missions.

-- Both governments agreed at the CTF that this body can make cooperation on export controls much more effective and systematic.

-- We hope the UAE recognized the need for public steps to demonstrate that the law is being implemented, which should be one result of the amendment.

-- The UAE noted that it is currently implementing its law and promised to provide details on ongoing prosecutions to further demonstrate progress the UAE has made in this area.

-- The UAE also agreed to hold an expert-level working group on implementation of the law, but has not yet agreed to a date. This working group would be a follow up to the 2007 export control legal regulatory workshop that was held with UAE officials responsible for the legal aspects of the export control law. Our idea for this workshop is to have individuals from the Departments of Commerce and State who participated in the CTF, come back to the UAE with a small interagency team to gain a greater understanding of steps the UAE is taking to implement its law now and exchange ideas on best practices for future implementation. Such an exchange is important in order to demonstrate ongoing engagement on this important issue. We propose holding this meeting in May and seek your agreement to a specific date.

-- The UAE also emphasized the importance of successful prosecutions and would like to focus on training for its judges and prosecutors and requested more details about this training including specific dates.

-- The following provides more details on the requested training for the UAE's judges and prosecutors:

The goal of the advanced prosecutorial training course is to enhance the ability of the UAE in its efforts to enforce its export control law with particular emphasis on initiating and completing successful administrative and criminal prosecutions of export control-related crimes. The two day program would include UAE officials, prosecutors, and judges tasked with nonproliferation oversight and administrative and criminal prosecutorial responsibilities. The U.S. presenters will lead the participants in discussions of advanced administrative and criminal prosecutorial and legislative topics related to export control enforcement. Participating U.S. agencies potentially include the Departments of Justice, State, Commerce, Homeland Security and the Treasury.

-- We understand that Federal Customs is also interested in getting information on how the U.S. handles interstate commerce issues (how federal and state authorities coordinate and what federal and state laws apply). We will identify what information is available and which agencies are best placed to provide such information.

-- We look forward to continuing cooperation. When a full time and dedicated export control implementing body is effectively running, we will be in a better position to counter the continuing skepticism by the Congress on the UAE's counterproliferation achievements.

Trans-shipment

-- It is important that the UAE investigate and take

appropriate actions, including possible prosecutions, against the front companies and others involved in transferring

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sensitive items to places like Iran. In addition to the information we provided you before the CTF, we provided new information on Alkaen, Flowtech, Oasis Freight and Great Ocean during the CTF.

-- Actions, such as prosecutions or deportations, will further help demonstrate the UAE's commitment not to be a trans-shipment hub for proliferators.

Interdiction

-- It is important that we continue to work closely to stop shipments of sensitive items and work to resolve outstanding issues, such as the disposition of seized cargo. We understand that the Export Control Amendment will give the UAE additional authority to address issues associated with disposition. The UAE agreed that following its approval, the US and UAE should meet to discuss ways to resolve disposition issues.

End U.S. and UAE Counterproliferation Task Force Discussions.

Begin New Information Provided During the CTF:

Below is the new information that was provided to the UAE during the CTF:

-- We appreciate you investigating the entities listed below and hope you will provide us with information on the results of your investigations.

Alkaen

-- Goods were shipped from Switzerland to Alkaen Equipment and Industrial Supplies LLC in Dubai by air on October 31, 2008 in seven cartons.

-- They were forwarded from Dubai to Iran on an Iran Air Cargo flight in early or possibly mid-November.

-- FEDCO also submitted partial payment to Alkaen. The banking details are as follows:

Bank name: Bank Saderat Iran, Bur Dubai Branch
Address: Khalid bin Walid Road (Bank Street), Bur Dubai, UAE
Beneficiary: Al Kaen Equipment and Industrial Supplies LLC
Account Number: 2533-201301

End information on Alkaen.

Flowtech

-- In September of 2008, UAE-based Flowtech, unwittingly acting on behalf of a contractor for Iran's heavy water program, was attempting to circumvent German export controls by using a false end-user for a shipment of unidentified goods, probably some type of valves.

-- Flowtech officials did this after a previous shipment was apparently stopped by German customs. Subsequent arrangements indicated they planned to use at least two unidentified banks to finance the procurement, one of which was located in France. We have no further information on the ultimate disposition of the planned shipment.

-- Flowtech maintains a public website at www.flowtech-me.com, and is located at PO Box 27623, Dubai, although it appears to have branches in both Abu Dhabi and Dubai. It identifies itself as a valve and control specialist, apparently for the oil and gas industry.

End information on Flowtech.

Great Ocean Shipping Services and Oasis Freight Agency (OFA)

-- In October 2008, IRISL notified its agents that due to recent events, IRISL would stop using OFA for its Dubai shipping agent and begin using Great Ocean Shipping Services.

-- This change would take place on January 1, 2009.
(Great Ocean Shipping Services is wholly owned by Sharaf Group).

-- OFA may be operating under the name of Great Ocean.

-- OFA employees were warned to be cautious about informing customers about IRISL's change in shipping agents.

-- PAS Clearing and Forwarding Co., a Dubai-based firm, was told to use Great Ocean and that the phone number was the same.

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-- PAS officials feared that IRISL, Iran, OFA and the IRISL-related container code IRSU were on British banks black list.

End information on Great Ocean Shipping Services and Oasis Freight Agency.

REPORTING DEADLINE

¶14. (U) Please report response within ten working days of receipt of this cable. Please include SIPDIS in all responses.

POINT OF CONTACT

¶15. (U) Department point of contact for follow-up is Chris Herrington ISN/CPI 647-5035.
CLINTON